

**SOUTH TOLEDO BEND WATERWORKS DISTRICT  
MANY, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2014**

South Toledo Bend Waterworks District  
Many, Louisiana

Financial Report  
September 30, 2014

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# SOUTH TOLEDO BEND WATERWORKS DISTRICT

## MANY, LOUISIANA 71449

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the South Toledo Bend Waterworks District's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended September 30, 2014. Certain comparative information with the previous year is presented to provide an overview of the District's operations.

#### Financial Highlights

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board's (GASB) accounting principles. The Statement of Net Position (page 7-8) includes all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (pages 9-10). This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its water service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows (page 11). The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

#### Financial Analysis of the South Toledo Bend Waterworks District

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating.

A summary of the District's basic financial statements is as follows:

Summary of Statement of Net Position

	<u>2014</u>	<u>2013</u>
ASSETS:		
Assets	\$ 886,893	\$ 810,721
Capital Assets, Net of Accumulated Depreciation	<u>4,741,795</u>	<u>4,932,269</u>
Total Assets	<u>\$5,628,688</u>	<u>\$5,742,990</u>
LIABILITIES:		
Payables, Accruals and Other Liabilities	\$ 113,243	\$ 142,047
Long-Term Debt	<u>2,861,722</u>	<u>2,934,511</u>
Total Liabilities	<u>\$2,974,965</u>	<u>\$3,076,558</u>
NET POSITION:		
Net Investment in Capital Assets	\$1,880,073	\$1,997,758
Restricted	773,650	668,674
Unrestricted	<u>0</u>	<u>0</u>
Total Net Position	<u>\$2,653,723</u>	<u>\$2,666,432</u>

## Summary of Statement of Revenue and Expenses

	<u>2014</u>	<u>2013</u>
REVENUES:		
Operating Revenues	\$1,025,527	\$1,146,295
Non-Operating Revenues	9,073	9,486
Capital Contributions	<u>35,000</u>	<u>46,146</u>
Total Revenues	<u>\$1,069,600</u>	<u>\$1,201,927</u>
EXPENSES:		
Operating Expenses	\$ 937,284	\$1,152,263
Interest	<u>145,025</u>	<u>148,596</u>
Total Expenses	<u>\$1,082,309</u>	<u>\$1,300,859</u>
Change in Net Position	\$ <u>(12,709)</u>	\$ <u>(98,932)</u>

### Sources of Revenue

Charges for water service totaled \$978,798 or 92% of total revenue of the District for the year ended September 30, 2014.

### Expenses

The majority of the District's total expenses is for payroll cost and depreciation. Salaries totaled \$248,367 which is 27% of total operating expenses. Depreciation totaled \$237,679 which is 25% of total operating expenses.

### Capital Assets

The District's capital assets consist of the distribution system and related equipment, along with the land.

### Long-Term Debt

The District issued bonds for the purpose of constructing and acquiring the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

### Economic Factors

The District's major revenue source is from water sales. During 2014, the District will no longer provide water to the Ebarb Water District which accounted for a major part of water sales.

### Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact the District's President at 3260 Little Flock Road, Many, LA 71449.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
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321 Bienville Street  
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### INDEPENDENT AUDITOR'S REPORT

Mrs. Dianne Lampman, President  
and Members of the Board  
South Toledo Bend Waterworks District  
Many, Louisiana 71449

#### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and major fund information of the South Toledo Bend Waterworks District (District), a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund information of the District as of September 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

March 3, 2015  
Natchitoches, Louisiana



South Toledo Bend Waterworks District  
Statement of Net Position  
Proprietary Fund  
September 30, 2014

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$ 717,953
Receivables	
Less, Allowance for Doubtful Accounts	95,909
Inventory at Cost	13,759
Prepaid Expenses	<u>31,054</u>

Total Current Assets \$ 858,675

Restricted Asset-

Cash & Cash Equivalents	<u>\$ 7,965</u>
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Capital Assets-

Plant & Distribution System	\$ 8,634,391
Land & Improvements	82,652
Machinery & Equipment	138,614
Accumulated Depreciation	<u>(4,113,862)</u>

Total Capital Assets \$ 4,741,795

Other Assets-

Deposits	\$ 300
Bond Issue Costs	
Less Amortization	<u>19,953</u>

Total Other Assets \$ 20,253

Total Assets \$ 5,628,688

LIABILITIES & NET POSITION:

Current Liabilities-

Accounts Payable	\$ 57,230
Accrued Payroll	12,332
Accrued Expenses	19,604
Current Portion of Long-Term Debt	<u>74,369</u>

Total Current Liabilities \$ 163,535

Continued next page.

South Toledo Bend Waterworks District  
Statement of Net Position  
Proprietary Fund  
September 30, 2014

Non-Current Liabilities-	
Customers' Deposits	\$ 24,077
Long-Term Debt	<u>2,787,353</u>
Total Non-Current Liabilities	\$ <u>2,811,430</u>
Total Liabilities	\$ <u>2,974,965</u>
Net Position-	
Net Investment in Capital Assets	\$ 1,880,073
Restricted for Debt Service	773,650
Unrestricted	<u>0</u>
Total Net Position	\$ <u>2,653,723</u>
Total Liabilities & Net Position	\$ <u>5,628,688</u>

See notes to financial statements.

South Toledo Bend Waterworks District  
Statement of Revenues, Expenses and Changes in Net Position-  
Proprietary Fund  
For the Year Ended September 30, 2014

OPERATING REVENUES:

Charges for Services	\$ 978,798
Connection Fees	25,050
Late Fees	10,276
Miscellaneous	<u>11,403</u>
 Total Operating Revenues	 <u>\$1,025,527</u>

OPERATING EXPENSES:

Amortization	\$ 879
Automobile Expense	21,680
Bad Debt Expense	10,081
Chemicals	68,697
Collection Expense	9,842
Commissioners' Fees	3,600
Computer Services	13,155
Depreciation	237,679
Employee Benefits	14,098
Insurance	38,340
Legal & Accounting	21,365
Licenses & Permits	6,138
Materials & Supplies	36,035
Meter Installation Costs	2,700
Miscellaneous	6,068
Office & Other Expenses	20,142
Payroll Taxes	5,126
Repairs & Maintenance	35,662
Retirement	37,472
Salaries	248,367
Secretary Services	7,200
Telephone	4,154
Utilities	60,149
Water Purchased	<u>28,655</u>
 Total Operating Expenses	 <u>\$ 937,284</u>
 Operating Income	 <u>\$ 88,243</u>

Continued next page.

South Toledo Bend Waterworks District  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended September 30, 2014

NON-OPERATING REVENUES (EXPENSES):	
Ad Valorem Taxes	\$ 8,177
Interest Income	896
Interest Expense	<u>(145,025)</u>
Total Non-operating Revenues (Expenses)	\$ <u>(135,952)</u>
Loss Before Contributions	\$ <u>(47,709)</u>
CAPITAL CONTRIBUTIONS:	
Donations	\$ 30,000
Grants	<u>5,000</u>
Totals Capital Contributions	\$ <u>35,000</u>
Change in Net Position	\$ (12,709)
Net Position-Beginning of Year	<u>2,666,432</u>
Net Position-End of Year	<u><u>\$2,653,723</u></u>

See notes to financial statements.

South Toledo Bend Waterworks District  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$1,078,358
Cash Received from Customer Deposits	956
Cash Payments to Suppliers for Goods and Services	(473,006)
Cash Payments to Employees	<u>(250,816)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 355,492</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Capital Contributions	\$ 35,000
Proceeds from Ad Valorem Taxes	8,177
Principal Paid on Capital Debt	(72,789)
Interest Paid on Capital Debt	(145,168)
Purchase of Capital Assets	<u>(47,205)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (221,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Income	<u>896</u>
Net Increase in Cash and Cash Equivalents	\$ 134,403
Cash and Cash Equivalents-Beginning of Year	<u>591,515</u>
Cash and Cash Equivalents-End of Year	<u>\$ 725,918</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Loss	\$ 88,243
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities-	
Depreciation	237,680
Amortization	879
Changes in Assets and Liabilities-	
(Increase) Decrease in Prepaid Expenses	(5,579)
(Increase) Decrease in Accounts Receivable	62,930
Increase (Decrease) in Accounts Payable	(27,168)
Increase (Decrease) in Accrued Payroll	(2,449)
Increase (Decrease) in Customer Deposits	<u>956</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 355,492</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

## INTRODUCTION

The South Toledo Bend Waterworks District was created by an ordinance of the Sabine Parish Police Jury on December 21, 1988. The District is governed by a Board of Commissioners consisting of five members appointed by the Sabine Parish Police Jury. Commissioners are residents of the parish and serve terms of 1-5 years.

The District was created for the purpose of providing water service to any user within the geographical bounds of the district.

### 1. Summary of Significant Accounting Policies:

#### A. Basis of Presentation-

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### B. Reporting Entity-

As the governing authority of the parish, for reporting purposes, the Sabine Parish Police Jury is the financial reporting entity for Sabine Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Sabine Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Sabine Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Sabine Parish Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

Because the Sabine Parish Police Jury appoints the organization's governing body, and the ability of the Sabine Parish Police Jury to impose its will on the District, the District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting-

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The South Toledo Bend Waterworks District, uses an enterprise fund type of the proprietary fund category to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

The accounting and financial treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

Ad Valorem taxes are recorded in the year the taxes are assessed. Ad Valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Ad valorem taxes are generally collected in December of the current year and January and February of the ensuing year.



South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

E. Cash and Cash Equivalents-

The District has deposits in highly liquid investment vehicles such as certificates of deposit. Since all of the District's cash is readily available, these deposits are listed in the financial statements as "Cash & Cash Equivalents". Under State law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government.

F. Compensated Absences-

All full-time employees are entitled to one week of vacation each year. Vacation time may not be carried over from one year to the next and does not vest or accumulate. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Capital Assets-

The capital assets of the South Toledo Bend Waterworks District enterprise fund are included on the Statement of Net Position, along with accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. Depreciation of all exhaustible capital assets used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

H. Bad Debts-

Uncollectible amounts due for customer's water receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts at September 30, 2014 was \$21,523.

I. Bond Issue Costs-

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs and bond discounts (deferred debt expense) paid by South Toledo Bend Waterworks District, was \$51,713. The amortization expense related to deferred debt expense was \$879 for the year ended September 30, 2014.

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

J. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

K. Net Position-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

2. Levied Taxes:

For the year ended September 30, 2014, taxes of .9 mills were levied on property with an assessed valuation totaling \$12,639,629. The District's tax calendar is presented in section 1D above.

Total taxes collected for 2014 were \$8,177. The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Bass Haven Resort, Inc.	\$96,150
James A. Watson	71,850
Frank & Sally Abate	59,380
Curtis Grocery, LLC	50,150
Harold & Norma Bergeron	46,860

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

3. Cash and Cash Equivalents:

The cash and cash equivalents of the District are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At September 30, 2014, the District had cash and cash equivalents (collected bank balances) totaling \$741,450. Cash and cash equivalents are stated at cost, which approximates market.

The deposits at September 30, 2014, were secured as follows:

Cash and Cash Equivalents	\$ 741,450
FDIC	(250,000)
Pledged Securities	(491,450)
Uninsured	\$ <u>0</u>

4. Revenue Receivable:

At year-end, the District has \$95,909 in receivables as follows:

Charges for Services	\$116,572
Other	860
Less, Allowance for Doubtful Accounts	<u>(21,523)</u>
Total Accounts Receivable	\$ <u>95,909</u>

5. Restricted Assets:

Restricted assets of the District were applicable to the following at September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Sinking Fund	<u>\$7,965</u>	<u>\$7,339</u>

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

6. Capital Assets:

Capital assets and depreciation activity as of and for the year ended September 30, 2014, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:				
Land & Improvements	\$ 82,652	\$ -	\$ -	\$ 82,652
Plant & Distribution System	8,587,187	47,204		8,634,391
Machinery & Equipment	138,614	-	-	138,614
Total Assets	<u>\$ 8,808,453</u>	<u>\$ 47,204</u>	<u>\$ -</u>	<u>\$ 8,855,657</u>
Accumulated Depreciation:				
Land Improvements	\$ 5,333	\$ 666	\$ -	\$ 5,999
Plant & Distribution System	3,790,825	224,081	-	4,014,906
Machinery & Equipment	80,025	12,932		92,957
Total Accumulated Depreciation	<u>\$ 3,876,183</u>	<u>\$ 237,679</u>	<u>\$ -</u>	<u>\$ 4,113,862</u>
Total Net Assets	<u>\$ 4,932,270</u>	<u>\$ (190,475)</u>	<u>\$ -</u>	<u>\$ 4,741,795</u>

Depreciation expense of \$237,679 was recorded for the year ended September 30, 2014.

7. Compensation of Board Members:

A detail of compensation paid to individual board members for the year ended September 30, 2014 follows:

Dianne Lampman	\$ 780
Geri Alford	660
Jeff Webb	420
Malcolm Franks	300
Robert Marshall	720
Rodney DeRouen	<u>720</u>
Total	<u>\$3,600</u>

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

8. Pension Plans

Substantially all employees of the District are members of the Parochial Employee's Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. The employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. As of January 1, 1997, elected officials, except coroners and justices of the peace, may no longer join the retirement system. Those elected officials enrolled as of January 1, 1997, will maintain membership as long as they hold office. Justices of the Peace have an option to join at any time within twelve months of taking the oath of office. Coroners may join at any time on a current basis and now have the option of purchasing prior service as coroners at actuarial cost. Under Plan A, employees who retire at age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980.

Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, LA 70898-4619, or by calling (225) 928-1361.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 16 percent of annual covered payroll for 2014 and 16.75 percent of annual covered payroll for 2013. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The South Toledo Bend Waterworks District's contributions to the System under Plan A for the years ending September 30, 2014, 2013 and 2012, were \$37,472, \$41,767, and \$40,098, respectively, equal to the required contributions for each year.

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

9. Long-Term Debt

General Obligation-At September 30, 2014, the District had the following outstanding general obligation bond issues:

- 1) Series 1998 bonds were issued at a variable rate of interest for the purpose of paying a portion of the cost of constructing and acquiring a waterworks system. Total bond proceeds were \$95,000. These bonds will mature on February 1, 2018. The District pays the bonds from the annual levy and collection of ad valorem taxes on all the taxable property within the boundaries of the District.

Revenue Bonds-The District issued \$3,600,000 of water revenue bonds at 5% interest for the purpose of constructing and acquiring a waterworks system. These bonds will mature on May 20, 2037. These debt issues are secured by the revenues of the District. These bonds were issued as follows:

- 1) \$2,999,000 issued on May 20, 1997
- 2) \$601,000 issued on May 20, 1997

The annual debt service requirements to maturity for these loans are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 74,369	\$ 143,272	\$ 217,641
2016	77,919	139,400	217,319
2017	82,653	135,308	217,961
2018	86,581	130,996	217,577
2019	83,713	126,671	210,384
Thereafter	<u>2,456,487</u>	<u>1,265,203</u>	<u>3,721,690</u>
Total	<u>\$2,861,722</u>	<u>\$1,940,850</u>	<u>\$4,802,572</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

	Balance <u>October 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>September 30, 2014</u>
Series 1998 Bonds	\$ 32,000	\$0	\$ 6,000	\$ 26,000
Water Revenue Bonds #1	2,417,953	0	55,639	2,362,314
Water Revenue Bonds #2	<u>484,558</u>	<u>0</u>	<u>11,150</u>	<u>473,408</u>
Total	<u>\$2,934,511</u>	<u>\$0</u>	<u>\$72,789</u>	<u>\$2,861,722</u>

South Toledo Bend Waterworks District  
Notes to Financial Statements  
September 30, 2014

10. Post-Employment Benefits:

The South Toledo Bend Waterworks does not provide any post-employment benefits; therefore, no disclosure for GASB 45 is required.

11. Subsequent Events:

Management has evaluated events through March 3, 2015, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mrs. Dianne Lampman, President  
and Members of the Board  
South Toledo Bend Waterworks District  
Many, Louisiana 71449

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, the financial statements of the business-type activities and major fund as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the South Toledo Bend Waterworks District's (District) basic financial statements and have issued our report thereon dated March 3, 2015.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

  
Johnson, Thomas & Cunningham, CPA's

March 3, 2015  
Natchitoches, Louisiana

South Toledo Bend Waterworks District  
Schedule of Audit Results  
Year Ended September 30, 2014

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the South Toledo Bend Waterworks District.
2. There were no significant deficiencies noted in internal control during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of the South Toledo Bend Waterworks District disclosed during the audit.

II. Findings in Accordance with *Government Auditing Standards*

No findings.

III. Prior Year Findings

No findings.